江晨國際控股有限公司

Jiangchen International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(stock code : 01069)

Interim Report 2011

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Cai Shuiyong *(Chairman)*
Mr. Cai Shuiping

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Shen Guoquan (appointed on 30 March 2011)
Ms. Chan Ling (appointed on 30 March 2011)
Mr. Liu Jianlin
Mr. Lin Anqing (resigned on 30 March 2011)
Ms. Lin Peifen (resigned on 30 March 2011)

AUDIT COMMITTEE

Mr. Liu Jianlin *(Chairman)*
Mr. Shen Guoquan (appointed on 30 March 2011)
Ms. Chan Ling (appointed on 30 March 2011)
Mr. Lin Anqing (resigned on 30 March 2011)
Ms. Lin Peifen (resigned on 30 March 2011)

REMUNERATION COMMITTEE

Mr. Cai Shuiyong *(Chairman)*
Mr. Shen Guoquan (appointed on 30 March 2011)
Ms. Chan Ling (appointed on 30 March 2011)
Mr. Lin Anqing (resigned on 30 March 2011)
Ms. Lin Peifen (resigned on 30 March 2011)

NOMINATION COMMITTEE

Mr. Cai Shuiyong *(Chairman)*
Mr. Shen Guoquan (appointed on 30 March 2011)
Ms. Chan Ling (appointed on 30 March 2011)
Mr. Lin Anqing (resigned on 30 March 2011)
Ms. Lin Peifen (resigned on 30 March 2011)

COMPLIANCE OFFICER

Mr. Cai Shuiyong

COMPANY SECRETARY

Mr. Kwong Ping Man *CPA, ACIS, ACS*

AUTHORIZED REPRESENTATIVES

Mr. Cai Shuiyong
Mr. Kwong Ping Man

AUDITORS

SHINEWING (HK) CPA Limited
Certified Public Accountants

REGISTERED OFFICE

Clifton House
75 Fort Street
PO Box 1350
Grand Cayman
KY1-1108
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2001-2005, 20th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

HEAD OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA

Level 4, No. 20
Zheng Da Street
Wannian County
Jiangxi Province
The PRC

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Trust (Cayman) Ltd.
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKER

Bank of China, Wannian Branch
Wannian County
Jiangxi Province
The PRC

COMPLIANCE ADVISER

TC Capital Asia Limited

COMPANY WEBSITE

www.jcholding.hk

STOCK CODE

1069 (since 16 May 2011)
8305 (before 13 May 2011)

FINANCIAL HIGHLIGHTS

- Turnover for the six months ended 30 June 2011 amounting to RMB103.8 million (2010: RMB86.5 million), representing an increase of 20.0% as compared with corresponding period in 2010.

- Profit and total comprehensive income attributable to owners of the Company for the six months ended 30 June 2011 amounted to RMB11.9 million (2010: RMB9.9 million), representing an increase of 20.2% as compared with corresponding period in 2010.

- Basic and diluted earnings per share for the six months ended 30 June 2011 amounted to RMB0.032 (2010: RMB0.027).

- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Jiangchen International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the manufacturing and wholesaling of apparels on an original equipment manufacturing ("OEM") basis in the People's Republic of China ("China" or the "PRC"). The apparels produced by the Group can be broadly categorized into cotton and sweat jacket, sportswear and leisurewear, trousers and children garment.

On 21 March 2011, an application was made by the Company to the Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the transfer of listing of the Company's shares ("Shares") from the Growth Enterprise Market (the "GEM") to the Main Board (the "Main Board") on the Stock Exchange. The Company has applied for the listing of, and permission to deal in, (i) the 370,000,000 Shares in issue; and (ii) the 37,000,000 Shares which may fall to be issued pursuant to the exercise of options which may be granted under the share option scheme of the Company, on the Main Board by way of transfer of listing from the GEM to the Main Board pursuant to the streamlined transfer of listing procedures under Chapter 9A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The approval-in-principle for the transfer of listing was granted by the Stock Exchange on 21 April 2011 for the Shares. The last day of dealings in the Company's Shares on the GEM (under stock code: 08305) was 13 May 2011.

On 16 May 2011, the Company has successfully transferred of the listing of its Shares from the GEM to the Main Board of the Stock Exchange and dealing in the Company's shares on the Main Board (under stock code: 01069) has been commenced since 16 May 2011. The listing of the Company's Shares on the Main Board will greatly enhance the corporate profile and image of the Group as well as improve the public awareness of the Company. Moreover, the directors of the Company (the "Directors") believe that such transfer of listing is beneficial to the future growth, financing flexibility as well as business development of the Group.

As at 30 June 2011, apart from its established export channels, the Company has a domestic distribution network consisting of two self-owned stores, six franchise shops and forty distribution outlets across Jiangxi province, Hunan province, Fujian province and Guangxi province for the sales and marketing of its own design products.

Financial Review

Turnover

During the period under review, the Company recorded a turnover of Renminbi ("RMB") 103.8 million for the six months ended 30 June 2011, a 20.0% increase as compared to RMB86.5 million for the six months ended 30 June 2010. Profit and total comprehensive income attributable to owners of the Company increased by 20.2% from RMB9.9 million for the six months ended 30 June 2010 to RMB11.9 million for the six months ended 30 June 2011.

The turnover of the Company's OEM apparels sold to domestic import and export companies and overseas trading companies for export for the six months ended 30 June 2011 was RMB84.5 million (2010: RMB75.8 million), which is 11.5% higher than that for the corresponding period in 2010.

The Company also distributes its own brand apparels to local chain stores, its franchise stores and through its wholesale outlets in China. The turnover of the distribution of Company's brand apparels for the six months ended 30 June 2011 was RMB19.3 million (2010: RMB10.7 million), which is 80.4% higher than that for the corresponding period in 2010.

Gross Profit and Gross Margin

The Group achieved a gross profit of approximately RMB16.0 million for the six months ended 30 June 2011 (2010: RMB14.3 million), representing an increase of 11.9% as compared to that for the corresponding period in 2010. Gross margin, calculated as gross profit divided by turnover, for the six months ended 30 June 2011 amounted to 15.4% (2010: 16.5%). The decrease in gross margin in 2011 was mainly attributable to the increase in direct labour costs.

Selling and Distribution Costs

The selling and distribution costs have been decreased from RMB868,000 for the six months ended 30 June 2010 to RMB632,000 for the six months ended 30 June 2011, representing a decrease of 27.2%. The decrease in selling and distribution costs was mainly attributable to the reduced amount of marketing expenses in promoting the Company's brands and franchise shops.

Administrative Expenses

The administrative expenses of the Company have been increased by 5.3% from approximately RMB1.9 million for the six months ended 30 June 2010 to approximately RMB2.0 million for the six months ended 30 June 2011. The increase in administrative expenses was mainly attributable to one off payment for the application of transfer of listing of the Company's Shares from the GEM to the Main Board on the Stock Exchange.

Income Tax Expense

Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiaries are exempted from the PRC Enterprise Income Tax (the "EIT") for the two years starting from their first profit-making year, followed by a 50% tax concession for the next three years. Such EIT exemption will end on 31 December 2012. As the Group's PRC operating subsidiaries have been profit-making or deem to be profit-making since 1 January 2008, they are exempted from the EIT from 1 January 2008 to 31 December 2009 and are entitled to a 50% tax concession from 1 January 2010 to 31 December 2012. The effective tax rate of the Group for the six months ended 30 June 2011 is 10.2% (2010: 13.5%).

Profit and Total Comprehensive Income Attributable to Owners of the Company

As a results of the above changes, the profit and total comprehensive income attributable to owners of the Company increased by 20.2% from approximately RMB9.9 million for the six months ended 30 June 2010 to RMB11.9 million for the six months ended 30 June 2011.

Basic and Diluted Earnings per Share

Basic and diluted earnings per share for the six months ended 30 June 2011 amounted to RMB0.032 (2010: RMB0.027), representing an increase of 18.5% as compared with corresponding period in 2010.

Liquidity and Financial Resources

The Group generally finances its daily operations from its internally generated cash flows. As at 30 June 2011, the Group had total assets of approximately RMB115.1 million and net assets of approximately RMB92.9 million. The Group's cash and bank balances as at 30 June 2011 amounted to approximately RMB18.9 million and secured bank borrowings amounted to RMB10.0 million. Taking into account the cash reserves and recurring cash flows from its core business, the Group's financial position is healthy, positioning the Group advantageously to expand its core business and to achieve its business objectives.

Pledge on Assets

As at 30 June 2011, the Group had pledged certain of its building and prepaid lease payments to secure banking facilities granted to the Group. The carrying values of the assets pledged are as follows:-

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Buildings	**10,504**	–
Prepaid lease payments	**6,476**	5,415
	16,980	5,415

Contingent Liabilities

As at 30 June 2011, the Group did not have any significant contingent liabilities.

Foreign Exchange Exposure

The Group's transactions are mainly denominated in Hong Kong dollars and RMB. Therefore, the Group is exposed to exchange risk. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the foreign exchange exposure is carried out by the management and the management will consider hedging the foreign exchange exposure if it is significant to the Group.

Gearing Ratio

The gearing ratio of the Group, based on total bank borrowings to the equity (including all capital and reserves) of the Company, increased to 10.8% as at 30 June 2011 (31 December 2010: 2.5%).

Capital Structure

The capital of the Group comprises only ordinary shares. As at 30 June 2011, the total number of the ordinary shares of the Group in issue was 370,000,000 shares.

Significant Investment Held and Material Acquisition and Disposal

There was no significant investment held or material acquisition and disposal of subsidiary for the six months ended 30 June 2011.

Future Plans for Material Investments or Capital Assets

The Group had no future plans for material investments or capital assets as at 30 June 2011.

Comparison of Business Objectives with Actual Business Progress

An analysis comparing the business objectives as stated in the prospectus of the Company (the "Prospectus") with the Group's actual business progress for the period from 8 October 2009 (the "Listing Date") to 30 June 2011 is set out below:

Business objectives for the period from the Listing Date to 30 June 2011 as stated in the Prospectus	Actual business progress up to 30 June 2011
1. Expansion of new product design capacity and brand building	• The research and development department has been in operation to conduct research on the latest market trend and demand of apparels. • Four research and development staff have been employed. • The Group is liaising with an independent third party to acquire a trademark. • The Group has conducted advertising campaigns on promoting its brand in the PRC.
2. Expansion of production capacity	• The production of the new factory has been commenced in July 2010.
3. Expansion of sales and distribution channel	• The Group has employed three sales and marketing staff. • Instead of operating its own distribution outlets, the Group has established a domestic distribution network consisted of two self-owned stores, six franchise shops and forty distribution outlets.

The business objectives and planned use of proceeds as stated in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied in accordance with the actual development of the market. During the period from the Listing Date to 30 June 2011, the net proceeds from issuance of new Shares of the Company had been applied as follows:

	Planned use of proceeds as stated in the Prospectus from the Listing Date to 30 June 2011 HK$'000	Actual use of proceeds from the Listing Date to 30 June 2011 HK$'000
Expansion of new product design capacity and brand building	3,550	1,955
Expansion of production capacity	7,500	7,500
Expansion of sales and distribution channel	2,500	771

As certain planned strategic moves, including the acquisition of trademarks and the establishment of self-owned wholesale outlets were postponed, the net proceeds applied during the period from the Listing Date to 30 June 2011 are less than expected. The Directors expect that those business objectives will be revisited in the second half of 2011.

All the remaining proceeds as at 30 June 2011 had been placed as interest bearing deposits in banks in Hong Kong.

Employees and Remuneration Policies

As at 30 June 2011, the Group employed approximately 1,772 employees, as compared to 1,774 employees as at 31 December 2010, including Directors. Total staff costs for the period under review, including Directors' remuneration, amounted to approximately RMB17.4 million (for the period ended 30 June 2010: approximately RMB13.0 million). The Group's remuneration policies are in line with the prevailing market standards and are determined on the basis of performance and experience of individual employee. Other employee benefits include contributions to social insurance scheme.

The Group has adopted a share option scheme (the "Scheme") pursuant to which the Directors may grant options to individuals including Directors, employees or consultants of the Group to acquire shares of the Company. The Directors consider that the Scheme assists in recruiting and retaining high calibre executives and employees.

Outlook

The Group's objective is to become one of the major budget apparel manufacturers and wholesalers in the PRC by expanding the wholesales business into rural areas in the PRC, which the Directors consider there are promising potentials for the Company's products.

Though the rising labour and material costs adversely affected the gross margin of the Group's operation in the first half of 2011, the Group will continue to exercise stringent control over production costs and improve its manufacturing processes. On the other hand, the Group will increase the brand awareness of its products by implementing a branding strategy in marketing its products in its target markets. The Directors believe that the increase in brand awareness will boost the Company's profile in the PRC which in turn increase its sales.

Besides, the Company will continue to explore opportunities for mergers and acquisitions and capitalize on business opportunities to achieve steady and sustainable growth with a view to generate more satisfactory returns for its shareholders.

OTHER INFORMATION

Interests and Short Positions of the Directors in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2011, the interests and short positions of the Directors and chief executives of the Company in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which require notification pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which are required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register kept by the Company, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(i) Long position in shares of the Company

	Number of ordinary shares				Percentage
Name of Director	**Personal interest**	**Family interest**	**Corporate interest**	**Total**	**of issued share capital**
Mr. Cai Shuiyong	-	-	231,250,000[(1)]	231,250,000	62.5%
Mr. Cai Shuiping	-	-	231,250,000[(1)]	231,250,000	62.5%

Note:

1. These shares are owned by Well Bright Group Limited ("Well Bright") which is owned as to 50% by Mr. Cai Shuiyong and 50% by Mr. Cai Shuiping. Therefore, each of Mr. Cai Shuiyong and Mr. Cai Shuiping is deemed to be interested in 231,250,000 Shares held by Well Bright under the SFO.

(ii) *Long position in ordinary shares of associated corporation*

Name of Director	Name of associated corporation	Capacity	Number of securities held	Percentage of shareholding
Mr. Cai Shuiyong	Well Bright	Beneficial owner	1	50%
Mr. Cai Shuiping	Well Bright	Beneficial owner	1	50%

Save as disclosed above, as at 30 June 2011, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares of the Company

As at 30 June 2011, so far as is known to the Directors and taking no account of the shares to be issued pursuant to options which may be granted under the share option scheme, the following persons (other than the Directors or chief executive of the Company), who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company in accordance with the provision of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Long position in shares of the Company

Name	Capacity	Number of ordinary shares	Percentage of issued share capital
Well Bright	Beneficial owner	231,250,000	62.5%
Ms. Cai Shuyan	Interest of spouse	231,250,000(1)	62.5%
Ms. Sun Meige	Interest of spouse	231,250,000(2)	62.5%
Reachup Holdings Limited	Beneficial owner	27,750,000(3)	7.5%
Mr. Huang Wen Bin	Interest of control corporation	27,750,000(3)	7.5%
Mr. Huang Wen Bin	Beneficial owner	8,720,000	2.4%

Notes:

1. Mr. Cai Shuiyong beneficially owned 50% of Well Bright and Well Bright held 231,250,000 shares of the Company. Ms. Cai Shuyan is the spouse of Mr. Cai Shuiyong. Therefore, Ms. Cai Shuyan is deemed to be interested in all shares of the Company deemed to be held by Mr. Cai Shuiyong under the SFO.

2. Mr. Cai Shuiping beneficially owned 50% of Well Bright and Well Bright held 231,250,000 shares of the Company. Ms. Sun Meige is the spouse of Mr. Cai Shuiping. Therefore, Ms. Sun Meige is deemed to be interest in all shares of the Company deemed to be held by Mr. Cai Shuiping under the SFO.

3. These shares are owned by Reachup Holdings Limited which is wholly owned by Mr. Huang Wen Bin. Therefore, Mr. Huang Wen Bin is deemed to be interested in 27,750,000 shares held by Reachup Holdings Limited under the SFO.

Save as disclosed above, and as at 30 June 2011, the Directors of the Company were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

Interim Dividend

The Directors do not recommend the payment of an interim dividend for six months ended 30 June 2011 (2010: nil) and there is no closure of the register of members accordingly.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed shares of the Company during the six months ended 30 June 2011.

Share Option Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Since the Scheme has become effective, no share options were granted, exercised or cancelled by the Company under the Scheme during the period under review and there were no outstanding share options under the Scheme as at 30 June 2011.

Code on Corporate Governance Practice

Pursuant to the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. Cai Shuiyong is appointed as the chairman and chief executive officer of the Company who is responsible for managing the Board and the Group's business. The Board considers that Mr. Cai Shuiyong has in-depth knowledge in the Group's business and can make appropriate decisions promptly and efficiently. Nevertheless, the board of Directors will continue to review the effectiveness of the Group's corporate governance structure to assess whether the separation of the positions of chairman and chief executive officer of the Company is necessary.

Save as disclosed above, the Company has complied with the code provisions of the Code on Corporate Governance Practice set out in Appendix 10 of the Listing Rules for the six months ended 30 June 2011.

Code of Conduct regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in Rule 5.46 of the GEM Listing Rules or in Appendix 10 to the Listing Rules (the "Model Code"), as appropriate. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by the Directors adopted by the Company for the period under review.

Nomination Committee

The Company has established a nomination committee (the "Nomination Committee") in accordance with the corporate governance requirements of listed companies of the Stock Exchange. The purpose of this Nomination Committee is to identify and nominate suitable candidates for the appointment of the Directors and making recommendations to the Board on succession planning for the Directors.

Remuneration Committee

The Company has established a remuneration committee (the "Remuneration Committee") in accordance with the corporate governance requirements of listed companies of the Stock Exchange. The purposes of this Remuneration Committee is to review and determine the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management and to make recommendation to our Board on our Group's policy and structure for all remuneration of our Directors and senior management.

Audit Committee

The Company has established the audit committee (the "Audit Committee") in accordance with the requirements of the Code on Corporate Governance Practice ("Code") as set up in Appendix 14 of the Listing Rules. The Audit Committee of the Company has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements and the interim report of the Group for the six months ended 30 June 2011.

On behalf of the Board
Jiangchen International Holdings Limited
Cai Shuiyong
Chairman and Executive Director

Jiangxi Province, The PRC, 19 August 2011

As at the date of this report, the Board comprises two executive directors, namely Mr. Cai Shuiyong and Mr. Cai Shuiping; and three independent non-executive directors, namely Mr. Shen Guoquan, Ms. Chan Ling and Mr. Liu Jianlin.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Note	Six months ended 30 June 2011 RMB'000 (Unaudited)	Six months ended 30 June 2010 RMB'000 (Unaudited)
Turnover	4	**103,779**	86,487
Cost of sales		**(87,816)**	(72,223)
Gross profit		**15,963**	14,264
Bank interest income		**35**	14
Selling and distribution costs		**(632)**	(868)
Administrative expenses		**(2,046)**	(1,934)
Finance costs	6	**(99)**	(34)
Profit before tax	7	**13,221**	11,442
Income tax expense	8	**(1,352)**	(1,550)
Profit and total comprehensive income for the period		**11,869**	9,892
Profit and total comprehensive income attributable to:			
Owners of the Company		**11,869**	9,900
Non-controlling interests		**–**	(8)
		11,869	9,892
Earnings per share (RMB):			
Basic and diluted	10	**0.032**	0.027

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Note	**30 June 2011 RMB'000 (Unaudited)**	31 December 2010 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	**16,094**	16,506
Prepaid lease payments		**7,163**	7,243
		23,257	23,749
Current assets			
Inventories		**31,666**	13,794
Trade and other receivables	12	**41,180**	33,646
Prepaid lease payments		**161**	161
Bank balances and cash		**18,872**	26,044
		91,879	73,645
Current liabilities			
Trade and other payables	13	**10,798**	13,082
Amount due to a controlling shareholder	14	**17**	–
Secured bank borrowings	15	**10,000**	2,000
Income tax payable		**1,441**	1,301
		22,256	16,383
Net current assets		**69,623**	57,262
Total assets less current liabilities		**92,880**	81,011
Capital and reserves			
Share capital	16	**3,256**	3,256
Reserves		**89,624**	77,755
Total equity attributable to owners of the Company		**92,880**	81,011

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2011

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserves RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2010 (audited)	3,256	10,642	10	2,661	19,697	23,315	59,581	1,874	61,455
Total comprehensive income for the period	–	–	–	–	–	9,900	9,900	(8)	9,892
Acquisition of additional interests in a subsidiary from non-controlling shareholders	–	–	–	–	(1,659)	–	(1,659)	(1,866)	(3,525)
At 30 June 2010 (unaudited)	3,256	10,642	10	2,661	18,038	33,215	67,822	–	67,822
Total comprehensive income for the period	–	–	–	–	–	13,189	13,189	–	13,189
Appropriation to reserves	–	–	–	2,595	–	(2,595)	–	–	–
At 31 December 2010 (audited)	3,256	10,642	10	5,256	18,038	43,809	81,011	–	81,011
Total comprehensive income for the period	–	–	–	–	–	11,869	11,869	–	11,869
At 30 June 2011 (unaudited)	3,256	10,642	10	5,256	18,038	55,678	92,880	–	92,880

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(14,858)**	(2,364)
Net cash used in investing activities	**(215)**	(4,849)
Net cash generated from/(used in) financing activities	**7,901**	(576)
Net decrease in cash and cash equivalents	**(7,172)**	(7,789)
Cash and cash equivalents at 1 January	**26,044**	19,877
Cash and cash equivalents at 30 June, representing bank balances and cash	**18,872**	12,088

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

1. GENERAL INFORMATION

Jiangchen International Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 10 June 2009. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacturing and wholesaling of apparels to domestic import and export companies and overseas trading companies and investment holding.

On 8 October 2009, the shares of the Company were listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and were withdrawn from the GEM on 13 May 2011. On 16 May 2011, the Company's shares are listed on the Main Board of the Stock Exchange.

The directors of the Company consider that Well Bright Group Limited, a company incorporated in the British Virgin Islands ("BVI") with limited liability, is the Company's parent company and Mr. Cai Shuiyong and Mr. Cai Shuiping are the ultimate controlling shareholders.

2. BASIS OF PREPARATION

The condensed interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed interim financial information has been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed interim financial information for the six months ended 30 June 2011 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except as described below.

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations ("new or revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HK(IFRIC)-Int 14(Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs had no material effect on the amounts reported in these condensed interim financial information and/or disclosures set out in the condensed interim financial information.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Standards or interpretations issued but not yet effective

The Group has not early applied the following new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective.

HKFRS 10	Consolidated Financial Statements [2]
HKFRS 11	Joint Arrangement [2]
HKFRS 12	Disclosures of Interests in Other Entities [2]
HKFRS 13	Fair Value Measurement [2]
HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 19 (as revised in 2011)	Employee Benefits [2]
HKAS 27 (as revised in 2011)	Separate Financial Statements [2]
HKAS 28 (as revised in 2011)	Investments in Associate and Joint Ventures [2]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2013.

These five new or revised standards on consolidation, joint arrangements and disclosures were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of the five new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 December 2013 and the potential impact is described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements; (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The application of HKFRS 10 might result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated.

The amendments to HKAS 1 have been issued to improve the presentation of other comprehensive income. The amendments require entities to group together the items of other comprehensive income that may be reclassified to profit or loss in the future by presenting them separately from those that would never be reclassified to profit or loss.

Other than disclosed above, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

4. TURNOVER

Turnover represents the net amounts received and receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

5. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segment for the period under review:

Six months ended 30 June 2011

	Manufacturing and wholesaling of original equipment manufacturing (the "OEM") products RMB'000 (Unaudited)	**Brand business RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Revenue	**84,523**	**19,256**	**103,779**
Segment results	**10,914**	**3,569**	**14,483**
Other operating income			**35**
Central administrative costs			**(1,198)**
Finance costs			**(99)**
Profit before tax			**13,221**

Six months ended 30 June 2010

	Manufacturing and wholesaling of OEM products RMB'000 (Unaudited)	Brand business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue	75,830	10,657	86,487
Segment results	10,506	2,036	12,542
Other operating income			14
Central administrative costs			(1,080)
Finance costs			(34)
Profit before tax			11,442

5. SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's assets by reportable and operating segment:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Manufacturing and wholesaling of OEM products	**82,862**	62,457
Brand business	**13,341**	8,833
Total segment assets	**96,203**	71,290
Unallocated	**18,933**	26,104
Total assets	**115,136**	97,394

6. FINANCE COSTS

	Six months ended 30 June	
	2011 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)
Interest on bank borrowings wholly repayable within one year	**99**	34

7. PROFIT BEFORE TAX

	Six months ended 30 June	
	2011 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)
Profit before tax has been arrived at after charging:		
Directors' emoluments	**89**	85
Other staff costs	**12,609**	10,259
Retirement benefits scheme contributions, excluding directors	**4,743**	2,650
Total staff costs	**17,441**	12,994
Amortisation of prepaid lease payments	**80**	80
Cost of inventories recognised	**87,816**	72,223
Depreciation of property, plant and equipment	**662**	394
Net exchange loss	**99**	91
Operating lease rental paid in respect of rented premises	**44**	38

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
– People's Republic of China (the "PRC") Enterprise Income Tax	**1,352**	1,550

Hong Kong Profits Tax has not been provided for in the condensed interim financial information as there was no assessable profit derived from Hong Kong for both periods.

Pursuant to the laws and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries has been 25% since 1 January 2008.

Pursuant to the relevant laws and regulations in the PRC, the certain subsidiaries are exempted from PRC Enterprise Income Tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years (the "Tax Exemption"). The PRC subsidiaries which are currently entitled to the Tax Exemption from 1 January 2008 would continue to enjoy such treatments until the Tax Exemption period expires, but not beyond 2012.

9. DIVIDEND

No dividends were paid, declared or proposed during the reporting period. The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: nil).

10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the six months ended 30 June 2011 is based on the profit attributable to owners of the Company of approximately RMB11,869,000 (six months ended 30 June 2010: approximately RMB9,900,000) and the weighted average number of 370,000,000 ordinary shares in issue during the six months ended 30 June 2011 and 2010.

The dilutive earnings per share is the same as the basic earnings per share for the six months ended 30 June 2011 and 2010 as there were no dilutive potential ordinary shares outstanding during both periods.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB250,000 (during the six months ended 30 June 2010: RMB3,262,000) on additions to property, plant and equipment in the PRC.

12. TRADE AND OTHER RECEIVABLES

The Group generally allows an average credit period of 90 to 180 days to its trade customers, where payment in advance is normally required.

The aged analysis of the Group's trade receivables based on the invoice date is as follows:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
0 – 90 days	**29,361**	25,758

13. TRADE AND OTHER PAYABLES

The aged analysis of the Group's trade payables based on the invoice date is as follows:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
0 – 30 days	**7,207**	4,019

14. AMOUNT DUE TO A CONTROLLING SHAREHOLDER

The amount is unsecured, non-interest bearing and repayable on demand.

15. SECURED BANK BORROWINGS

During the period, the Group obtained a new bank loan amounting to RMB10,000,000 (2010: nil). The loan carries variable interest rate with reference to The People's Bank of China Prescribed Interest Rate and is repayable within one year. The effective interest rate (which are also equal to contracted interest rate) on the borrowing is 3.74% per annum. The proceeds were used to finance the operations fund.

16. SHARE CAPITAL

	Par Value HK$	Number of ordinary shares	Nominal value of ordinary shares HK$'000
Authorised:			
At 1 January 2010 (audited), 31 December 2010 (audited) and 30 June 2011 (unaudited)	0.01	1,000,000,000	10,000

	Par Value HK$	Number of ordinary shares	Nominal value of ordinary shares HK$'000	RMB'000
Issued and fully paid:				
At 1 January 2010 (audited), 31 December 2010 (audited) and 30 June 2011 (unaudited)	0.01	370,000,000	3,700	3,256

17. CAPITAL COMMITMENTS

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Capital expenditure contracted for but not provided in the condensed interim financial information in respect of the acquisition of:		
– Property, plant and equipment	**–**	250

18. PLEDGE OF ASSETS

The Group had pledged certain of its buildings and prepaid lease payments to secure banking facilities granted to the Group at the end of the reporting period. The carrying values of the assets pledged are as follows:

	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
Buildings	**10,504**	–
Prepaid lease payments	**6,476**	5,415
	16,980	5,415

19. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a written resolution passed on 15 September 2009 for the primary purpose of providing incentives and rewards to directors and eligible participants. Since the Scheme has been adopted, no share option has been granted, exercised or cancelled by the Company. As at 30 June 2011, there are no outstanding share options under the Scheme (31 December 2010: nil).

20. RELATED PARTY TRANSACTIONS

(a) During the period, the Group entered into the following transaction with related party:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Mr. Tsoi Kam On (Note)		
– rental expense incurred	**14**	14

Note: Mr. Tsoi Kam On is the brother of Mr. Cai Shuiyong, the controlling shareholder and director of the Company.

(b) The remuneration of directors and other members of key management during the period were as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries and other allowances	**187**	182
Retirement benefits scheme contributions	**7**	9
	194	191

(c) Acquisition of 30% additional equity interest in Hongfeng Textile

As mentioned in the announcement and circular issued by the Company dated 23 December 2009 and 13 January 2010 respectively, Sino Prosper (Asia) Limited ("Sino Prosper"), a wholly-owned subsidiary of the Company, conditionally entered into Equity Transfer Agreement II on 23 December 2009 with Hong Feng International Holdings Limited ("Hong Feng International"), a company owned by Mr. Cai Shuiyong and Mr. Cai Shuiping as to 50% each. Pursuant to the agreement, Sino Prosper agreed to purchase from and Hong Feng International agreed to dispose of 30% additional equity interests in Hongfeng Textile for a consideration in cash of approximately RMB3.5 million. On 28 January 2010, approval of the acquisition was obtained from the independent shareholders in an extraordinary general meeting. The acquisition was completed on 5 March 2010 and Hongfeng Textile became a wholly-owned subsidiary of the Group.